



Statement of Senator Dianne Feinstein on
Energy Industry Consolidation, Raising Pump Prices

January 31, 2006

Washington, DC – In advance of a Senate Judiciary Committee hearing tomorrow on consolidation in the energy industry, U.S. Senator Dianne Feinstein (D-Calif.) today issued the following statement expressing her concern that the federal government has failed to prevent excessive oil company market power and to protect consumers from rising energy prices:

“Clearly the federal government has not done an adequate job of preventing oil companies from making unprecedented profits while dramatically raising the price at the pump for the consumer. Since George Bush became president, gasoline prices are up 57 percent and oil companies are reporting record profits.

On Monday, January 30, the Energy Information Administration stated that the average price of a gallon of regular-grade gasoline in the United States was \$2.36. In my home state of California however, the average price of a gallon of regular-grade gasoline was \$2.60.

While consumers continue to pay more at the pump, oil companies continue to reap the benefits. Recently, 4 oil companies released their numbers for 2005:

- **ExxonMobil’s profits skyrocketed to \$36.13 billion, a 43% increase over 2004;**
- **Chevron’s profits rose 6% from 2004 to \$14.1 billion;**
- **ConocoPhillips saw a 66% increase from 2004 to \$13.53 billion; and**
- **Valero made \$3.6 billion in 2005, which was a 100% increase over its 2004 profits.**

Given these profits, I believe we must do the following:

- **Rescind the tax incentives and direct subsidies that are provided to the major oil companies by the federal government. Oil companies are making enough money—they do not need federal incentives to drill. Let’s redirect that spending towards the Low Income Home Energy Assistance Program and deficit reduction.**
- **Establish a strategic refinery reserve, as Senator Kohl and I have proposed, that would produce refined products for the consumption of the Federal government, which consumes about 2% of all petroleum in the U.S.**

If the oil companies are not going to invest in refining capacity, the Federal government must step in.

- **Increase Federal oversight of energy markets. Energy transactions that occur on over the counter exchanges are not regulated by the Federal government. We need transparency in these markets in order to understand how and why prices are set.**
- **Pass the anti-gouging bill that Senator Cantwell and I, along with 27 other Senators, introduced.**

The Cantwell anti-gouging bill would, for the first time, provide the Federal Trade Commission with price-gouging authority. Furthermore, it would prohibit market manipulation in the oil markets and require transparency in the oil markets.

- **Invest in the development of alternative fuels. While oil is today's fuel of choice, it will not last forever. In addition, we need to take into consideration the impacts the fuels we use have on climate change. We should develop fuels that will decrease, not increase, our greenhouse gas emissions.**
- **Increase fuel economy standards. We need to use the fuel we have more wisely. We have the technology TODAY to increase our fuel economy standards by 30%. This would decrease the demand for gasoline, thereby reducing its cost.**

While American families and businesses are struggling to make ends meet, oil companies are reaping historic profits. This is unacceptable. I urge President Bush to help reduce the amount of oil consumed by Americans by investing in alternative fuels and increasing our nation's fuel economy standards."

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